

State of Alaska FY2006 Governor's Operating Budget

Department of Revenue

Department of Revenue

Mission

The mission of the Department of Revenue is to collect, distribute and invest funds for public purposes.

The department provides administrative support for the following independent boards and corporations:

- Alaska State Pension Investment Board
- Alaska Mental Health Trust Authority
- Alaska Municipal Bond Bank Authority
- Alaska Natural Gas Development Authority
- Alaska Housing Finance Corporation
- Alaska Permanent Fund Corporation

Core Services

- Collect taxes
- Manage Funds
- Forecast General Fund revenues
- Regulate charitable gaming
- Collect and distribute child support
- Administer the Permanent Fund Dividend Program
- Provide Alaskans with access to affordable housing
- Provide oversight of Mental Health Trust assets and beneficiary related programs
- Plan for the development of natural gas

End Results	Strategies to Achieve Results
<p>A: Optimal administration of current tax and gaming programs.</p> <p><u>Target #1:</u> Percentage of taxes collected compared to taxes due between 92% and 98%.</p> <p><u>Measure #1:</u> Percentage of taxes collected compared to the taxes due.</p>	<p>A1: Increase audit coverage (audit activities improve compliance and revenue).</p> <p><u>Target #1:</u> Open 20 new audit cases (taxpayers that have not been audited by us in the prior five years).</p> <p><u>Measure #1:</u> Number of new audits opened.</p> <p>A2: Increase voluntary compliance from identifying non-filers.</p> <p><u>Target #1:</u> Find 30 non-filers through compliance work.</p> <p><u>Measure #1:</u> Number of non-filers brought into compliance.</p>
End Results	Strategies to Achieve Results
<p>B: Improve the risk adjusted return of funds under the stewardship of the Treasury Division by continually improving investment returns.</p> <p><u>Target #1:</u> For the funds under the fiduciary responsibility of the Commissioner of Revenue, exceed the applicable one-year target returns.</p> <p><u>Measure #1:</u> Actual returns compared with target returns reported by consultant or the custodian bank.</p>	<p>B1: Portfolio Investment Officer staff is continually upgraded in experience and education.</p> <p><u>Target #1:</u> Increase average longevity of the investment officers to 5 years.</p> <p><u>Measure #1:</u> The average longevity of investment officers. (Include the Chief Investment Officer and the 5 public market and 3 private market staff reporting to the Chief Investment Officer.)</p>

	<p><u>Target #2:</u> At least 4 investment staff will have their Chartered Financial Analyst (CFA) designation.</p> <p><u>Measure #2:</u> Number of investment staff with Chartered Financial Analyst designation.</p>
End Results	Strategies to Achieve Results
<p>C: Improve the collection and distribution of child support due to the children served by CSSD.</p> <p><u>Target #1:</u> Increase collections by 3%, net PFD.</p> <p><u>Measure #1:</u> Percent of changes in total collections, net PFD collections.</p>	<p>C1: Improve the environment necessary for increased collections.</p> <p><u>Target #1:</u> Increase paternities established to 90%. <u>Measure #1:</u> Percentage of paternities established.</p> <p><u>Target #2:</u> Increase cases with orders to 88%. <u>Measure #2:</u> Percentage of cases with orders.</p> <p><u>Target #3:</u> Increase current collections to 57%. <u>Measure #3:</u> Percentage of current collections.</p> <p><u>Target #4:</u> Increase number of cases with arrearage collections to 72%. <u>Measure #4:</u> Percentage of cases with arrearages with collections.</p> <p><u>Target #5:</u> Increase the cost effectiveness ratio to 4.45. <u>Measure #5:</u> Cost effectiveness ratio.</p> <p><u>Target #6:</u> Reduce cases with no collections for one year or more to 15% or less of cases eligible for collections. <u>Measure #6:</u> Percentage of cases with no collections for one year or more versus total cases eligible for collection.</p>
End Results	Strategies to Achieve Results
<p>D: All eligible Alaskans, whose applications are not on appeal, receive their Permanent Fund Dividend (PFD) in October.</p> <p><u>Target #1:</u> 100% of eligible applicants not in appeal are paid in October.</p> <p><u>Measure #1:</u> Percentage of eligible applicants not in appeal who are paid in October.</p>	<p>D1: Provide staff with needed training to perform effectively.</p> <p><u>Target #1:</u> 100% of new staff receive standardized training within first three months.</p> <p><u>Measure #1:</u> Percentage of new staff that receive standardized training within first three months.</p>

Major Activities to Advance Strategies	
<ul style="list-style-type: none"> • TAX DIVISION: • Enforce tax compliance through audit • Focus activity examination on high risk returns and errors • Streamline examination process • Employ IRS data and examination resources to identify non-filers • • • • • PERMANENT FUND DIVISION: 	<ul style="list-style-type: none"> • TREASURY MANAGEMENT: • Define roles of potential new asset class managers and perform adequate due diligence • Financially support meeting CFA designation targets and ongoing education requirements of the investment officers • Have programmer work with external custodian to automate download of accounting data • • • • CHILD SUPPORT SERVICES DIVISION:

Major Activities to Advance Strategies

- Cross train staff to work in more than one functional area
- Allocate staff across unit lines to address peak work load
- Market on-line and myAlaska filing through media
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- Improve communications, processes and interface with other states
- Establish and train a special collections unit
- Review and adjust cases
- Establish paternity
- Inform obligees of accurate amounts due
- Locate employers and assets of non-custodial parents
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FY2006 Resources Allocated to Achieve Results

FY2006 Department Budget: \$174,707,400

Personnel:

Full time	817
Part time	66
Total	883

Performance Measure Detail

A: Result - Optimal administration of current tax and gaming programs.

Target #1: Percentage of taxes collected compared to taxes due between 92% and 98%.

Measure #1: Percentage of taxes collected compared to the taxes due.

Percentage of Taxes Collected Compared to Taxes Due

Year	YTD
2002	96.6%
2003	98.5%
2004	99.7%
2005	Target: 96.0%

Analysis of results and challenges: At the margin, this percentage is driven primarily by the Tax Division's resolution of large and complex oil and gas income and production tax cases. Too high a percentage indicates that the division is not assessing difficult taxpayers or issues where the State is likely to collect less than 100%. Too low a figure indicates that the State is being overly aggressive with taxpayers and then settling too easily. A balanced result indicates a balanced approach. In 2004, the Tax Division collected \$1,213.6 million out of \$1,217.5 million voluntarily reported or assessed by the department.

A1: Strategy - Increase audit coverage (audit activities improve compliance and revenue).

Target #1: Open 20 new audit cases (taxpayers that have not been audited by us in the prior five years).

Measure #1: Number of new audits opened.

Number of New Audit Cases Opened

Year	YTD
2002	9
2003	13
2004	7
2005	Target: 20

Analysis of results and challenges: The Tax Division maintains 100% coverage in oil and gas income and production taxes (and new oil and gas audit subjects are not included in this measure). An audit presence in each of the other tax types improves long-term voluntary compliance as well as generates new audit revenues. Furthermore, once established, audit generated revenues tend to recur as taxpayers modify their reporting to become consistent with the audit findings. As the Division administers new taxes and fees on tires and rental cars, and higher taxes on alcohol and cigarettes it needs to expand its audit coverage in those areas. In 2003, the increase in the number of audits was primarily in the alcohol area. In 2004 and 2005, it will come primarily in the other three areas. Twenty new audit subjects annually appears to be an appropriate increase. A year ago we anticipated that tobacco would be a growth area for audits in FY2004, but the tobacco group's efforts were focused on legislative issues during half the year. This goal remains in FY2005.

A2: Strategy - Increase voluntary compliance from identifying non-filers.

- Target #1:** Find 30 non-filers through compliance work.
- Measure #1:** Number of non-filers brought into compliance.

New Filers Through Compliance

Year	YTD
2004	38

Analysis of results and challenges: The Tax Division encourages voluntary compliance as the most effective tool for collecting tax revenues. An important aspect of voluntary compliance is for taxpayers to believe that they are paying about the same amount in taxes as other similarly situated taxpayers. Seeking out and finding new taxpayers and bringing them into compliance assists revenue both in long-term voluntary compliance as well as bringing in the revenues from the new taxpayers. The division does not believe there are any major oil and gas taxpayers not filing, but we are going after the tax types that constitute the other 20% of its revenue responsibilities. This target and measure does not include federal or multi-state compliance programs in which we currently participate.

B: Result - Improve the risk adjusted return of funds under the stewardship of the Treasury Division by continually improving investment returns.

- Target #1:** For the funds under the fiduciary responsibility of the Commissioner of Revenue, exceed the applicable one-year target returns.
- Measure #1:** Actual returns compared with target returns reported by consultant or the custodian bank.

See Table in Analysis Section

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
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Analysis of results and challenges: 1 YEAR RETURN DATA FOR FUNDS MANAGED BY THE TREASURY DIVISION:

General Fund and Other Non-segregated Investment Funds
 FY2002 Actual 4.63% Target 5.75%
 FY2003 Actual 4.82% Target 4.96%
 FY2004 Actual 0.92% Target 0.55%

Alaska Children's Trust
 FY2002 Actual -3.64% Target -3.37%
 FY2003 Actual 8.10% Target 6.62%

FY2004 Actual 8.65% Target 8.29%

Public School Trust

FY2002 Actual -3.13% Target -3.37%

FY2003 Actual 6.87% Target 6.62%

FY2004 Actual 9.04% Target 8.29%

International Airports Revenue Fund

FY2002 Actual 5.55% Target 6.92%

FY2003 Actual 6.03% Target 5.60%

FY2004 Actual 0.65% Target 0.23%

Constitutional Budget Reserve Fund - Main Account

FY2002 Actual 6.11% Target 7.02%

FY2003 Actual 7.29% Target 6.85%

FY2004 Actual 0.82% Target 0.33%

Constitutional Budget Reserve Fund - Sub Account

FY2002 Actual -5.61% Target -5.31%

FY2003 Actual 5.02% Target 4.05%

FY2004 Actual 12.13% Target 13.13%

Retirement Health Insurance Fund - Longterm Care Account

FY2002 Actual -6.30% Target -6.69%

FY2003 Actual 4.22% Target 3.29%

FY2004 Actual 13.43% Target 15.33%

Retirement Health Insurance Fund - Major Medical

FY2002 Actual 6.14% Target 6.54%

FY2003 Actual 6.92% Target 6.47%

FY2004 Actual 0.95% Target 0.48%

Power Cost Equalization Fund

FY2002 not available

FY2003 Actual 3.88% Target 4.05%

FY2004 Actual 12.90% Target 14.58%

Returns for FY2005 will depend on market conditions and cannot be estimated.

B1: Strategy - Portfolio Investment Officer staff is continually upgraded in experience and education.

Target #1: Increase average longevity of the investment officers to 5 years.

Measure #1: The average longevity of investment officers. (Include the Chief Investment Officer and the 5 public market and 3 private market staff reporting to the Chief Investment Officer.)

Average Longevity of Investment Staff

Year	YTD
2002	N/A
2003	N/A
2004	2.6 years
2005	Target: 3.1 years

Target #2: At least 4 investment staff will have their Chartered Financial Analyst (CFA) designation.

Measure #2: Number of investment staff with Chartered Financial Analyst designation.

Number of Staff Holding CFA Designation

Year	YTD
2002	3
2003	3
2004	3
2005	Target: 3
2006	Target: 3
2007	Target: 5

Analysis of results and challenges: The CFA designation takes a minimum of 3 years to obtain. Currently, two staff have passed Level I. Assuming no staff turnover, these two could complete Level II in early FY2006 and Level III in FY2007.

C: Result - Improve the collection and distribution of child support due to the children served by CSSD.

Target #1: Increase collections by 3%, net PFD.

Measure #1: Percent of changes in total collections, net PFD collections.

Percent Change in Total Collections for a Fiscal Year

Year	FY2002	FY2003	FY2004	FY2005	YTD
0	7.4%	6.2%	4.2%	3.0%	0

Analysis of results and challenges: Increasing total collections allows the division to increase distributions to custodial parents. This improves the financial support that benefits children's lives. The division expects a steady increase in non-PFD collections. The increase in FY2002 relates to the implementation of the mandatory multi-state federal financial institution data match program. During FY2003, the state financial institute data match program was initiated which accounted for the increase in that year. Projected increases will have to come from much smaller operational changes as no significant federal or state major enhancements are planned at this time.

C1: Strategy - Improve the environment necessary for increased collections.

Target #1: Increase paternities established to 90%.

Measure #1: Percentage of paternities established.

Percentage of Paternities Established

Year	FFY2002	FFY2003	FFY2004	FFY2005	YTD
0	89.6%	89.3%	87%	90%	0

Analysis of results and challenges: Improving the number of paternities that the division establishes allows cases to be available for establishing an order and, in turn, allows money to start flowing to the family. Better coordination with the Bureau of Vital Statistics to correct deficiencies will also vastly improve the division's results.

Target #2: Increase cases with orders to 88%.

Measure #2: Percentage of cases with orders.

Percentage of Cases With Orders

Year	FY2002	FY2003	FY2004	FY2005	YTD
0	83%	81%	84.7%	85.0%	0

Analysis of results and challenges: Collections cannot be made without a proper order in place. Establishing this quickly and effectively is one of the keys to a successful child support program. Reviewing and streamlining the division's process in establishing cases will aid in the timeliness of collecting and distributing child support.

Target #3: Increase current collections to 57%.
Measure #3: Percentage of current collections.

Percentage of Current Collections

Year	FFY2002	FFY2003	FFY2004	FFY2005	YTD
0	54%	53.2%	54.2%	56%	0

Analysis of results and challenges: Also a main component to any child support program, collecting current money due is crucial to the financial well-being of the children it is intended to benefit. Increased information systems for new hires with the federal government and Alaska employers will enhance our ability to streamline the withholding process, improving the overall ability to collect current support quickly.

Target #4: Increase number of cases with arrearage collections to 72%.
Measure #4: Percentage of cases with arrearages with collections.

Percentage of Cases with Arrearages with Collections

Year	FFY2002	FFY2003	FFY2004	FFY2005	YTD
0	68.4%	66.5%	65.4%	70%	0

Analysis of results and challenges: A higher concentration on cases with special collection needs will increase overall collections.

Target #5: Increase the cost effectiveness ratio to 4.45.
Measure #5: Cost effectiveness ratio.

Cost Effectiveness Ratio

Year	FFY2002	FFY2003	FFY2004	FFY2005	YTD
0	4.49	4.24	4.42	4.45	0

Analysis of results and challenges: Two components, expenses and collections, figure into this target. Overall, showing the highest possible amount of collections for the least amount spent is highly sought. With improved automation and new ideas to streamline, we hope to meet this target.

Target #6: Reduce cases with no collections for one year or more to 15% or less of cases eligible for collections.
Measure #6: Percentage of cases with no collections for one year or more versus total cases eligible for collection.

Percentage of Cases With no Previous Collection for 1 Year or More

Year	FY2002	FY2003	FY2004	FY2005	YTD
0	N/A	N/A	23%	15%	0

Analysis of results and challenges: A recent analysis of outstanding collections showed a relationship between those cases with the highest outstanding balances and those with no recent collections. A significant priority will be redirected to achieve better results here.

D: Result - All eligible Alaskans, whose applications are not on appeal, receive their Permanent Fund Dividend (PFD) in October.

Target #1: 100% of eligible applicants not in appeal are paid in October.
Measure #1: Percentage of eligible applicants not in appeal who are paid in October.

Percentage of Eligible Applicants Paid in October

Year	YTD
2002	93.6%
2003	93.7%
2004	94.0%
2005	Target: 95.0%
2006	Target: 98.0%

Analysis of results and challenges: Increased on-line filing, increased use of automation in processing, and cross-utilization of staff should begin to improve performance in 2004. We anticipate reaching the goal in 2006.

D1: Strategy - Provide staff with needed training to perform effectively.

Target #1: 100% of new staff receive standardized training within first three months.

Measure #1: Percentage of new staff that receive standardized training within first three months.

Percent of Staff Receiving Standardized Training Within First Three Months

Year	YTD
2004	50%
2005	Target: 100%

Analysis of results and challenges: Standardized training was developed and implemented between December 2003 and January 2004. This training is proving to be effective for all staff and is updated with each session taught.

Key Department Challenges

- Commercialize the very large reserves of North Slope natural gas and support efforts to construct a gas pipeline to bring the gas to market.
- Despite high oil prices, there is no fiscal plan in place to address the on-going need to match recurring revenues with recurring expenditures.
- The Tax Division will develop and implement an effective tobacco tax enforcement program. Even at \$1.00 per pack, the incentive for smuggling and tax evasion is great. As the tax increases, it will be much more attractive. An aggressive enforcement program will help protect the projected revenue increase.
- Key debt issues include maintenance of the State's credit ratings with Standard and Poor's, Fitch Ratings, and Moody's Investors Service. Regular communication of State current events to the rating analysts as well as ensuring analysts' concerns are relayed to the State's leadership are key to meeting this challenge.
- In this low interest rate environment, it will be a challenge to meet the pension plan's 8.25% actuarial rate of return.

Significant Changes in Results to be Delivered in FY2006

- After the legislature approves a contract under the Stranded Gas Act (SGA), the department will implement the terms of the agreement, including State participation in the ownership of a pipeline, if it is approved as part of the contract.
- The Tax Division will undertake a major effort to revitalize its corporate audit program, with a target of an additional \$5 million a year in tax revenues by year 5 of the program. Activities to achieve this goal include: hire and train auditors; engage experts to identify strategies and opportunities for targeting non-Alaskan corporations; reestablish compliance program to identify and correct non-filers; and fill positions in the Oil and Gas Production tax and Fisheries tax enforcement currently supported by audit staff.
- The Tax Division will continue to broaden the tax base, and expand its relationship with Department of Public

Safety and the role of the Division's own investigators as it fully implements two new excise programs (tire and rental car) and a major restructuring of the tobacco program.

- The Treasury Division will expand its investment compliance function to include more in-depth review of external investment managers to ensure compliance with established Alaska State Pension Investment Board investment guidelines as well as other board policies for funds managed by the Treasury Division.
- The Permanent Fund Dividend Division is targeting FY2006 as the first year in which all eligible PFD applicants (who are not in the appeal process) will be paid in October.
- The Permanent Fund Dividend Division will increase the number of alleged fraud cases that are investigated and prosecuted.

Major Department Accomplishments in 2004

- As the lead agency under the Stranded Gas Development Act (SGA), the Department of Revenue encourages commercialization of North Slope gas. The Departments of Law and Natural Resources are partners in this effort. The stranded gas cabinet has evaluated the appropriate risk for the State to take and has made a proposal that is under consideration by the producers (BP/ConocoPhillips/ExxonMobil) to move Alaska's stranded gas to market.
- Legislation passed during the June 2004 special session to increase the tobacco tax. The Tax Division provided expertise to the legislature. The legislation increases the cigarette tax from \$1 per pack of twenty cigarettes to \$1.60 per pack in FY 2005, to \$1.80 per pack in FY 2002 and \$2 per pack in FY 2008.
- Since the end of FY2004, one of the three credit rating agencies upgraded their outlook on the State credit from negative to stable. Agency credit ratings affect the State's ability to borrow money at favorable interest rates. The negative outlook was placed in August 2002.
- Investment returns for the Public Employees Retirement System (PERS) and the Teachers Retirement System (TRS) funds were 15.1% versus an actuarial assumption of 8.25% in FY2004.
- The Permanent Fund Dividend Division increased its fraud detection and deterrent efforts. The division implemented two new audits; investigated 634 fraud tips and denied or assessed dividends totaling \$388.1; audited 745 applications for potential fraud and denied or assessed dividends totaling \$71.1. In addition, it achieved its first ever federal indictment for PFD fraud.
- The Child Support Services Division has shown improved results in child support collection efforts when comparing the results in FY2004 to the previous data from four years ago. In FY2000, the division had 48,000 cases, 78% with orders. Collections for this time period were \$85.4 million. Four years later in FY2004, the division had 52,000 cases, 86% with orders and collections of \$98.1 million.

Prioritization of Agency Programs

(Statutory Reference AS 37.07.050(a)(13))

Alaska Statute 37.07.050(a) (13) requires agencies to prioritize programs from the most important to least important. This is a difficult task as any one of the department's programs could be at the top of the list in its importance to the people of Alaska. In general the operating divisions are grouped first and then the independent corporations and authorities.

The Tax Division, which collects State revenues, and the Treasury Division, which invests the State's funds, are the department's top priorities. The Child Support Services Division collects and distributes child support payments. The goals of the federal program are to ensure that children have the financial support of both parents, to foster responsible behavior towards children, and to reduce welfare costs. All of these factors are present in Alaska's program. The Permanent Fund Dividend Division touches the lives of Alaskans during the annual dividend distribution. The Commissioner's Office provides programmatic and policy guidance to programs within the department. The commissioner, or his designee, serves on most independent boards and authorities associated with the department. The Administrative Services Division provides administrative direction and support to the department's programs.

The Alaska Permanent Fund Corporation is responsible for managing and investing the approximately \$29.5 billion fund. The fund is expected to generate over a billion dollars a year in income. The Alaska State Pension Investment Board provides prudent and productive management and investment of state pension funds. The Alaska Housing Finance Corporation provides Alaskans access to safe, quality, affordable housing. It provides financing for multi-family complexes, congregate facilities, and single-family homes, with special loan programs for low- and moderate-income borrowers, veterans, teachers, and those living in rural areas of the state. It also provides energy and weatherization programs; low income rental housing; and special programs for the homeless and those seeking to become self-sufficient. The Alaska Municipal Bond Bank Authority provides financing for Alaska municipalities that have difficulty financing capital improvement projects such as schools, water and sewer systems, public buildings, harbors and docks. The mission of the Alaska Mental Health Trust Authority is to administer the Alaska Mental Health Trust as a perpetual trust and to ensure a comprehensive and integrated mental health program to improve the lives of beneficiaries. The mission of the Alaska Natural Gas Development Authority is to design, construct, operate, and maintain a natural gas pipeline system to transport natural gas from the North Slope to the lower 48.

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|-------------------------------------|--------------------------------------------------|
| 1. Tax Division | 7. Alaska Permanent Fund Corporation |
| 2. Treasury Management | 8. Alaska State Pension Investment Board |
| 3. Child Support Services Division | 9. Alaska Housing Finance Corporation Operations |
| 4. Permanent Fund Dividend Division | 10. Alaska Municipal Bond Bank Authority |
| 5. Commissioner's Office | 11. Alaska Mental Health Trust Authority |
| 6. Administrative Services Division | 12. Alaska Natural Gas Development Authority |

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Department Budget Summary by RDU

All dollars shown in thousands

	FY2004 Actuals				FY2005 Management Plan				FY2006 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Formula Expenditures	None.											
Non-Formula Expenditures												
Taxation and Treasury	0.0	0.0	0.0	0.0	7,041.0	0.0	39,728.9	46,769.9	9,118.5	0.0	46,504.8	55,623.3
Child Support Services	118.6	13,081.5	4,947.6	18,147.7	0.0	14,616.9	5,640.7	20,257.6	0.0	15,157.1	5,172.1	20,329.2
Administration and Support	1,492.5	857.1	1,657.2	4,006.8	4,760.1	1,068.5	3,927.8	9,756.4	578.0	943.0	1,488.7	3,009.7
AK Natural Gas Dev Authority	147.6	200.0	0.0	347.6	256.6	0.0	0.0	256.6	258.0	0.0	0.0	258.0
Mental Health Trust Authority	0.0	0.0	1,612.4	1,612.4	41.5	0.0	1,829.0	1,870.5	0.0	0.0	2,020.2	2,020.2
AK Municipal Bond Bank Auth	0.0	0.0	620.6	620.6	0.0	0.0	677.7	677.7	0.0	0.0	713.5	713.5
PFC Custody and Management Fees	0.0	0.0	36,630.6	36,630.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Alaska Housing Finance Corp	0.0	19,659.7	17,289.2	36,948.9	0.0	21,819.5	19,624.8	41,444.3	0.0	22,033.6	20,318.2	42,351.8
AK Permanent Fund Corporation	0.0	0.0	6,059.8	6,059.8	0.0	0.0	48,439.6	48,439.6	0.0	0.0	50,401.7	50,401.7
Anch. State Office Bldg. Operations	0.0	0.0	961.7	961.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue Operations	7,900.4	0.0	6,141.9	14,042.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ASPIB Bank Custody & Mgmt Fees	0.0	0.0	24,813.3	24,813.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Permanent Fund Dividend	0.0	0.0	5,479.2	5,479.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Totals	9,659.1	33,798.3	106,213.5	149,670.9	12,099.2	37,504.9	119,868.5	169,472.6	9,954.5	38,133.7	126,619.2	174,707.4

Funding Source Summary

All dollars in thousands

Funding Sources	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
1001 Constitutional Budget Reserve Fund	109.1	125.0	222.9
1002 Federal Receipts	30,917.1	34,810.9	35,555.8
1004 General Fund Receipts	9,009.4	11,455.6	9,247.2
1005 General Fund/Program Receipts	649.7	643.6	707.3
1007 Inter-Agency Receipts	4,412.6	4,211.6	4,361.3
1016 Federal Incentive Payments	1,733.9	1,625.2	1,634.9
1017 Benefits Systems Receipts	99.0	99.0	199.0
1027 International Airport Revenue Fund	38.9	67.8	71.4
1029 Public Employees Retirement System Fund	18,623.5	19,444.8	23,246.3
1034 Teachers Retirement System Fund	9,110.0	10,017.2	12,038.2
1042 Judicial Retirement System	184.1	278.4	360.0
1045 National Guard & Naval Militia Retirement System	57.3	173.7	214.5
1046 Student Revolving Loan Fund	27.5	48.8	88.2
1050 Permanent Fund Dividend Fund	5,443.2	5,521.9	5,845.5
1053 Investment Loss Trust Fund	22.7		
1061 Capital Improvement Project Receipts	1,656.3	1,731.8	1,845.3
1066 Public School Fund	72.1	187.7	206.0
1092 Mental Health Trust Authority Authorized Receipts	100.0	155.9	
1094 Mental Health Trust Administration	1,041.4	1,267.5	1,522.0
1098 Children's Trust Earnings	42.3	34.7	35.4
1103 Alaska Housing Finance Corporation Receipts	15,681.1	17,106.7	17,762.9
1104 Alaska Municipal Bond Bank Receipts	620.6	677.7	713.5
1105 Alaska Permanent Fund Corporation Receipts	42,987.2	49,406.9	50,470.7
1108 Statutory Designated Program Receipts	780.5	2,250.0	750.0
1133 CSSD Administrative Cost Reimbursement	1,147.3	1,068.8	943.0
1142 Retiree Health Ins Fund/Major Medical	23.6	64.0	76.4
1143 Retiree Health Ins Fund/Long-Term Care Fund	36.9	70.6	92.6
1156 Receipt Supported Services	4,947.6	5,640.7	5,172.1
1169 PCE Endowment Fund	96.0	165.1	192.7
1175 Business License Receipts		1,100.0	1,120.3
1192 Mine Reclamation Trust Fund		21.0	12.0
Totals	149,670.9	169,472.6	174,707.4

Position Summary

Funding Sources	FY2005 Management Plan	FY2006 Governor
Permanent Full Time	802	817
Permanent Part Time	66	66
Non Permanent	18	17
Totals	886	900

FY2006 Capital Budget Request

Project Title	General Funds	Federal Funds	Other Funds	Total Funds
Child Support Services IVR KIDS Hotline Replacement	0	69,300	35,700	105,000
Child Support Services Computer Replacement Project- Phase 1	0	107,085	55,165	162,250
Permanent Fund Dividend Computer Replacement Project	0	0	117,000	117,000
AHFC Housing Loan Program/Teacher/Health Professionals Housing	0	0	6,281,800	6,281,800
AHFC Supplemental Housing Development Program	0	0	4,300,000	4,300,000
AHFC Low Income Weatherization	0	1,800,000	3,000,000	4,800,000
AHFC Senior Citizens Housing Development Program	0	0	3,500,000	3,500,000
AHFC Housing and Urban Development Federal HOME Grant	0	3,500,000	750,000	4,250,000
AHFC Housing and Urban Development Capital Fund Program	0	500,000	0	500,000
AHFC Federal and Other Competitive Grants	0	3,000,000	1,000,000	4,000,000
AHFC Competitive Grants for Public Housing	0	750,000	250,000	1,000,000
AHFC Energy Efficiency Monitoring Research	0	0	500,000	500,000
AHFC State Energy Program Special Projects	0	300,000	30,000	330,000
AHFC Information Systems Server Upgrades	0	0	335,200	335,200
AHFC Central Terrace	0	941,900	0	941,900
AHFC Birch Park Window Replacement	0	0	1,323,000	1,323,000
AHFC Statewide Project Improvements	0	0	500,000	500,000
AHFC CO Detector Installation	0	0	330,000	330,000
AHFC Statewide Fire Protection System Investigation	0	0	200,000	200,000
AHFC Beneficiary and Special Needs Housing	0	0	1,200,000	1,200,000
AHFC Homeless Assistance Program	0	0	1,000,000	1,000,000
Department Total	0	10,968,285	24,707,865	35,676,150

This is an appropriation level summary only. For allocations and the full project details see the capital budget.

Summary of Department Budget Changes by RDU

From FY2005 Management Plan to FY2006 Governor

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2005 Management Plan	12,099.2	37,504.9	119,868.5	169,472.6
Adjustments which will continue current level of service:				
-Taxation and Treasury	192.0	0.0	127.3	319.3
-Child Support Services	0.0	375.2	-553.6	-178.4
-Administration and Support	-4,174.3	2.8	-2,386.7	-6,558.2
-AK Natural Gas Dev Authority	1.4	0.0	0.0	1.4
-Mental Health Trust Authority	0.0	0.0	17.2	17.2
-AK Municipal Bond Bank Auth	0.0	0.0	0.8	0.8
-Alaska Housing Finance Corp	0.0	214.1	185.7	399.8
-AK Permanent Fund Corporation	0.0	0.0	39.0	39.0
Proposed budget decreases:				
-Taxation and Treasury	-30.0	0.0	-76.4	-106.4
-Administration and Support	-22.7	-128.3	-52.4	-203.4
-Mental Health Trust Authority	-41.5	0.0	0.0	-41.5
Proposed budget increases:				
-Taxation and Treasury	1,915.5	0.0	6,725.0	8,640.5
-Child Support Services	0.0	165.0	85.0	250.0
-Administration and Support	14.9	0.0	0.0	14.9
-Mental Health Trust Authority	0.0	0.0	174.0	174.0
-AK Municipal Bond Bank Auth	0.0	0.0	35.0	35.0
-Alaska Housing Finance Corp	0.0	0.0	507.7	507.7
-AK Permanent Fund Corporation	0.0	0.0	1,923.1	1,923.1
FY2006 Governor	9,954.5	38,133.7	126,619.2	174,707.4